United Nations A/C.2/64/SR.10

General Assembly
Sixty-fourth session

Official Records

Distr.: General
12 November 2009

Original: English

Second Committee

Summary record of the 10th meeting
Held at Headquarters, New York, on Wednesday, 14 October 2009, at 10 a.m.

Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)
later: Mr. Mohamed Cherif Diallo (Vice-Chairperson) ..... (Guinea)

Contents

Agenda item 51: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (*continued*)

(d) Commodities (*continued*)

Agenda item 58: Operational activities for development

(a) Operational activities for development of the United Nations system

(b) South-South cooperation for development

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.05 a.m.

Agenda item 51: Macroeconomic policy questions (*continued*) (A/64/65 and A/64/81)

(b) International financial system and development (*continued*) (A/64/178)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (*continued*) (A/64/167)

(d) Commodities (*continued*) (A/64/184)

1. **Mr. Gunda** (Malawi) said that the global economic and financial crisis had caused a drop in demand and prices for Malawi's exports, which in turn had caused foreign exchange shortages. Industrial production had also decreased. The international community should cooperate closely to mitigate the impact of the crisis on developing countries.

2. Since Malawi's economy was predominantly agrarian, his Government was concerned about falling commodity prices. It was also concerned that Malawi might feel the full impact of the crisis only when other countries started to recover. While his Government was working to control the country's current account deficit and budget deficit, Malawi still required increased assistance from its development partners. He therefore called on donors to increase their funding for developing countries. In addition, he expressed support for the call by the United Nations Conference on Trade and Development (UNCTAD) for a temporary debt moratorium for low-income countries.

3. Despite the current gloomy outlook, his Government remained committed to achieving sustained macroeconomic development. In particular, it had undertaken comprehensive economic reforms to create an environment conducive to growth, and was working to meet its international commitments in the hope of re-establishing donor confidence. Its Malawi Growth and Development Strategy was designed to transform the country's economy and to pull it out of the poverty trap. Nevertheless, the current crisis threatened to erode the socio-economic gains made by developing countries in the past 10 years.

4. His delegation welcomed the increase in official development assistance (ODA), but feared that, just when developing countries most needed assistance, such gains might be reversed. He therefore called on all donors to move towards the target of 0.7 per cent of gross national income (GNI) as ODA to developing countries. His delegation welcomed the steps being taken by the International Monetary Fund (IMF) to expand its vulnerability analysis and urged all States members of IMF to implement the measures it had prepared to ensure that their financial policies were coordinated. While the increased availability of funding to low-income countries was welcome, measures must be taken to ensure that such countries did not fall into debt traps in the medium to long term.

5. Lastly, his delegation joined others in calling for a system of global economic governance that was transparent and accountable and which ensured the equitable participation of all countries. It was inconceivable that developing countries had limited voting power in IMF and the World Bank. The interests of the poor must be taken into account before decisions affecting them were made.

6. **Mr.** Mohamed Cherif **Diallo** (Guinea) said that the global economic and financial crisis had further demonstrated the negative effects of globalization, since the countries least responsible for the crisis had suffered the most. Paradoxically, they were also the least equipped to respond. At the same time, the crisis offered a unique opportunity to reform the international monetary and financial system. Such reform must include increasing developing country representation in the Bretton Woods institutions.

7. Despite deteriorating terms of trade, decreasing external financing and increasing external debt, Guinea had made considerable progress in recent years owing to its programme of economic and financial reform. The Government had also adopted key structural adjustment measures, decentralizing public services, privatizing State companies and improving public expenditure management. The economic and monetary policy adopted by the Government had yielded encouraging results. Gross domestic product (GDP), for example, had increased from 1.8 per cent in 2007 to 4.9 per cent in 2008.

8. External debt was a matter of great concern to his delegation. That Guinea's external debt currently absorbed 56 per cent of its tax revenue created a

constant dilemma for the Government, since it could not afford to fund basic social programmes and to service its debt. For some time, Guinea had participated in an IMF and World Bank debt reduction programme under the Heavily Indebted Poor Countries (HIPC) Initiative. In December 2007, IMF had concluded a three-year Poverty Reduction and Growth Facility arrangement with Guinea. The July 2008 decision by the IMF Executive Board to increase that arrangement should enable Guinea to reach its completion point under the HIPC Initiative and to benefit from debt relief. Since most debt was unsustainable, donors must step up their support for existing strategies and make it easier for countries to reach completion point.

9. The UNCTAD secretariat's report on world commodity trends and prospects, contained in document A/64/184, clearly illustrated the impact of the current crisis on developing countries, especially those with commodity-dependent economies, where reduced demand for, revenue from and investment in commodities had led to an economic slowdown. As Guinea relied heavily on the mining industry, the decrease in bauxite and aluminium prices had affected its entire economy. The situation called for a collective response based on the adoption of policies aimed at addressing the structural problems of commodity-dependent economies and on the integration of such policies into development and poverty reduction strategies.

10. **Mr. Hassani Nejad Pirkouhi** (Islamic Republic of Iran) said that, despite signs of recovery in larger economies, considerable uncertainty remained. Stimulus packages had boosted demand and economic performance. However, without a sufficient increase in jobs and private investment, the global economy might well shrink once the effects of such packages wore off. The root causes of the crisis and systemic imbalances must therefore be addressed. In that connection, it seemed strange that IMF still prescribed counter-cyclical policies for the rich but pro-cyclical policies for the poor, particularly when pro-cyclical policies could exacerbate economic downturns.

11. While individual countries did indeed bear primary responsibility for their own development, donors were failing to meet their commitments on international development. Meanwhile, the tendency of the Group of 20 (G-20) to issue instructions with direct implications beyond its constituency was unacceptable. With regard to the recent expression of support by the G-20 for a shift in IMF quota share of at least 5 per cent towards dynamic emerging market and developing countries, he said that any shift in IMF quota share must ensure that all developing countries benefited.

12. In his delegation's view, the recent boom and bust in commodity prices had been due not to market fundamentals but to excessive speculation brought on by a lack of supervision and regulation in major financial centres. Such fluctuations deprived commodity-dependent economies of much-needed stability and predictability, undermining their ability to pursue development and poverty reduction. They had also exacerbated the effects of the global food crisis. The real reasons behind such fluctuations must be addressed as a matter of urgency. A comprehensive data reporting system and cooperative arrangements among commodity producers and users, while welcome, would be sufficient only if accompanied by a well-designed and well-implemented regulatory mechanism.

13. **Mr. Escalona Ojeda** (Bolivarian Republic of Venezuela) said that the international financial institutions had been created not to promote democracy and equality among nations but rather to perpetuate the military and financial supremacy of certain countries. Consequently, the decisions taken by those institutions tended to serve the interests of capitalism, while penalizing the countries of the South. The international financial system and the system of global economic governance must be reformed as a matter of urgency.

14. Gradually, the international community was forging a new vision based on complementarity, solidarity and international cooperation. The problem of external debt required global solutions, including measures to reduce or cancel debt so as to free up resources for development and poverty eradication and help countries attain the Millennium Development Goals. Developed countries must honour their commitment to allocate 0.7 per cent of GNI as ODA.

15. Lastly, he stressed the importance of agricultural trade policies that took account of developing countries' specific food security and rural development needs and of special and differential treatment in that regard. An autonomous farming industry and food self-sufficiency were essential to achieving food security, eradicating poverty and creating viable rural employment. Developing countries had met their

commitments in that regard. Now it was time for developed countries to meet theirs.

16. **Mr. Momen** (Bangladesh) said that the various crises currently facing the world were already having a significant social, economic and political impact. Rather than waste any more time on academic exercises, the international community should address the consequences of those crises. If countries were to stay on track to attain the Millennium Development Goals, a comprehensive policy response was needed. The international financial system must be overhauled and a renewed commitment to liberalizing international trade undertaken.

17. Only a handful of developed countries had met the target of 0.7 per cent of GNI as ODA to developing countries and 0.15 to 0.20 per cent of GNI as ODA to least developed countries. As a result, economic growth, employment and development, as well as the attainment of the Millennium Development Goals, were but a distant dream. The Committee must call for the commitments made in Monterrey to be honoured as a matter of urgency.

18. Developed countries should provide immediate, predictable and duty- and quota-free access for all least developed country products. At the same time, a clear time frame and clear procedures for achieving full market access for the least developed countries should be established and a mechanism for monitoring implementation of market access-related commitments adopted.

19. It was ironic that the least developed countries were marginalized not only in North-South trade, but also, increasingly, in South-South trade. Developing countries should provide duty- and quota-free access to least developed country commodities and services. Only then could such issues be discussed with developed countries. He called for an early conclusion of negotiations on the Generalized System of Preferences, which all developing countries should join.

20. A successful conclusion of the Doha Round required a concrete outcome on services negotiations. Global services exports had grown substantially, but the share of the least developed countries remained the same. Moreover, service providers in those categories for which such countries enjoyed a comparative advantage encountered a variety of restrictions when they sought access to other countries. Priority must be given to modes of supply and sectors that were of interest to the least developed countries. Developed countries must open their markets to least developed country service providers under mode 4 of the General Agreement on Trade in Services.

21. While Bangladesh was on track to attain some of the Millennium Development Goals by 2015, it had been forced to use resources originally intended for projects relating to those Goals to address the global economic recession and financial meltdown, food and fuel insecurity, and climate change. The pace of progress had therefore slowed.

22. Adjustment costs resulting from, inter alia, preference erosion, loss of tariff revenue, loss of employment and the expiry of the Agreement on Textiles and Clothing were eating into Bangladesh's net trade gain. As markets were liberalized and tariffs lowered, preference margins were eroded. Affected countries must be fully compensated and a mechanism for mitigating the negative effects of sectoral tariff initiatives introduced.

23. He called for focused assistance on trade capacity-building and the effective implementation of the Aid for Trade Initiative. Increased contributions to the Integrated Framework Trust Fund were also critical.

24. The least developed countries should have access to modern technology and know-how. The current international intellectual property regime favoured the producers and holders of intellectual property rights, most of whom were from developed countries, thereby widening further the knowledge gap between rich and poor. He called for a regime that helped poorer countries meet their development goals. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) should make the disclosure of the source and origin of biological resources and associated traditional knowledge mandatory.

25. Developing country debt was soaring. Consequently, resources that could have been spent on social sectors were being used to service debt. Debt sustainability should be redefined as the level of debt at which it would still be possible to achieve the Millennium Development Goals without acquiring new debt. Noting that such a definition would require debt relief, he welcomed the renewed commitment by the G-20 to cancel the debt of certain heavily indebted

poor countries. Debt relief, however, should supplement other resources and should not erode the overall financial integrity of IMF and the International Development Association (IDA) or create an additional burden for the least developed countries.

26. The Bretton Woods institutions should do more to help countries meet the Millennium Development Goals. To that end, IDA should become an all grants facility and the least developed countries should be given greater policy space. The Bretton Woods institutions should increase developing country representation and adopt a new quota formula that took account of developing country GDP in terms of purchasing power parity, vulnerability to price fluctuations, volatility of capital flows and other exogenous shocks. Better representation of developing countries at the staff and senior management levels was also vital.

27. It was difficult for countries with weak institutions to ensure that aid was used effectively. Absorptive capacity was another problem. In an effort to improve governance, his Government had taken steps to minimize waste, inefficiency and corruption across the board and, in consultation with its development partners, had adopted a new approach to ensure that aid was used more effectively. The results were spectacular; for example, the World Bank had given the Government permission to reallocate aid among projects.

28. Lastly, the failure of the Doha Round was a major setback that entailed huge costs for developing countries. Negotiations must be resumed as a matter of urgency. In the meantime, certain development deliverables — such as duty-free and quota-free treatment of goods from the least development countries, and the opening of the services sector — should become operational on a fast-track basis.

29. **Ms. Stewart** (International Labour Organization (ILO)) said that discussions on macroeconomic policy issues must give due consideration to employment. Because of continued labour market deterioration, global unemployment might reach a record high as a result of the crisis. Countries must spur economic growth, slow the rapid increase in unemployment and accelerate a job-rich recovery.

30. While some markets were showing signs of recovery, overall labour market distress remained acute. And, since the world's labour force grew by some 45 million every year, job creation must be sufficient not only to reduce unemployment but also to absorb the natural increase in the labour force. Policy measures must therefore focus on both economic and employment recovery. Any alternative that led to a jobless recovery was economically, socially and politically unsustainable. The bold measures taken by some countries to boost economic recovery must be matched by equally bold measures on employment. Ultimately, rescue packages would be judged by their ability to generate jobs and protect incomes.

31. The crisis had demonstrated that inherent weaknesses in the international financial architecture affected its capacity to support sustainable enterprises and employment generation. Before the crisis, many countries had prioritized their finance sector over sustainable enterprises and decent work generation in the real economy. Such a pattern could not continue. It was not enough to stabilize financial markets and to raise the rate of output growth. Rather, financial markets must serve the real economy, ensure credit flow to enterprises, and fuel production and jobs.

32. She stressed the need for strong, sustainable and balanced global growth that created decent work opportunities was important and could ensure that priority was given to reducing poverty and inequalities. Multilateral finance and development assistance should also be made available for countries needing to engage in counter-cyclical policies. Evidence showed that countries that had invested in social protection systems and had supported employment had experienced less damage than those that had not. In that regard, she drew attention to the ILO survey entitled "Protecting people, promoting jobs".

33. It was time to review international policies, institutions and practices that had contributed to the crisis. The Decent Work Agenda was a practical reminder of the need to maintain a balance between economic, financial and social concerns. The Global Jobs Pact adopted by ILO in June 2009 presented an integrated portfolio of tried and tested policies that put employment and social protection at the centre of crisis response. Many countries had begun to implement those policies, which could be useful at all levels. ILO stood ready to assist constituents in adapting the Pact to reflect realities on the ground. Moreover, it would continue to promote greater coherence and convergence on employment, financial and trade policies as well as among international organizations in

order to forge an effective response to the crisis, based on the central objectives of the Decent Work Agenda.

34. **Mr. Mchumo** (Observer for the Common Fund for Commodities) said that the Common Fund for Commodities had been established some 20 years earlier with a view to helping commodity-dependent developing countries enjoy better terms of trade, expand and diversify their productive capacity and trade, and increase their export earnings. While the structure of commodity markets had changed considerably since then, the structure and level of many such countries' exports had not. Consequently, their performance had been disappointing when compared to that of other developing countries.

35. Commodity price volatility was an inherent characteristic of a liberalized market and would only be accentuated by the so-called financialization of commodity markets. Generally speaking, commodity price volatility disproportionately affected the poorest market participants — in other words, commodity-dependent developing countries themselves, where people were poorly equipped to maintain production in the event of external shocks and where most commodities were produced by smallholders, one of society's most vulnerable groups.

36. The Common Fund had been established, inter alia, to address commodity price volatility through buffer stock management. However, the buffer stock scheme had never become operational and the issue of price volatility remained unresolved. In the absence of a global mechanism, the Common Fund currently financed short-term country-based warehouse receipts projects and price risk management schemes. Such initiatives were limited to a particular commodity in a single country or region. It was time for the international community to provide commodity producers with the predictability and fairness they needed by designing innovative mechanisms for enforcing commodity price stability.

37. Just as the global economic and financial crisis had affected the commodity sector, global economic recovery depended on structural improvements to the commodity sector. He was pleased to note that the nexus between improved commodity production, trade and marketing and global economic recovery — which often went unrecognized in economic recovery analyses and plans — was given due recognition in the UNCTAD secretariat's report (see A/64/184).

38. Recognizing the need for a comprehensive global strategy to address structural issues relating to commodities, the Common Fund had partnered with UNCTAD, the United Nations Development Programme (UNDP) and the Secretariat of the African, Caribbean and Pacific Group of States to launch the Global Initiative on Commodities, which brought together stakeholders from around the world to stress the importance of commodities for development. The Common Fund viewed the Global Initiative as the first step in a sustained effort to reach a global consensus supported by all stakeholders and spearheaded by political and economic decision makers at the highest level.

39. The Global Initiative sought to address, in particular, the supply capacity limitations facing commodity producers, the lack of diversification in their production and export base, their low level of participation in the value chain and the need for an enabling international environment. He agreed that the collective response to the current crisis must include policies that both addressed the longer-term structural issues of the commodity economy and integrated commodity policies into wider development and poverty reduction strategies, and that the international community could actively contribute to that end by making renewed efforts to build consensus, in particular at the intergovernmental level (see A/64/184, summary). However, for that to happen, it was necessary to mobilize support for such a consensus among commodity stakeholders. Only then would the commodity agenda be advanced and the systemic issues affecting commodities be addressed.

40. To meet the Common Fund's need for increased resources, the international community should implement General Assembly resolutions calling for the resource base of the Fund's Second Account to be strengthened and should stand ready to replenish the Fund's resources when its third five-year action plan (2008-2012) came to an end. Through a collective effort, the commodity sector could become a major engine for growth in developing countries.

The meeting was suspended at 11.05 a.m. and resumed at 11.10 a.m.

41. *Mr. Mohamed Cherif Diallo (Guinea), Vice-Chairperson, took the Chair.*

Agenda item 58: Operational activities for development (A/64/75-E/2009/59 and A/64/375-E/2009/103 and Corr.1 and Add.1)

(a) Operational activities for development of the United Nations system (A/64/164)

(b) South-South cooperation for development (A/64/321)

42. **Mr. Seth** (Director of the Office for Economic and Social Council Support and Coordination) introduced the report of the Secretary-General entitled "Comprehensive statistical analysis of the financing of operational activities for development of the United Nations system for 2007" (A/64/75-E/2009/59). He drew attention to four main trends: funding flows were entering a period of increased volatility; core resources still accounted for under 30 per cent of total contributions; non-core resources had become highly fragmented, undermining the coherence and efficiency of the United Nations development system; and the targeting of support to the least developed countries had improved.

43. The work of the Department of Economic and Social Affairs was guided by the notion that the transparent and comprehensive overview of funding sources and expenditures could lead to improved governance. In September 2009, the General Assembly had requested the Secretary-General to create a central repository of information on operational activities for development. The repository would be part of a system-wide financial database and reporting system to be developed by the United Nations System Chief Executives Board for Coordination (CEB).

44. At the same time, the Department was making every effort to improve the coverage, timeliness and quality of financial reporting relating to United Nations operational activities for development. It would work closely with its United Nations system partners to address the lack of disaggregated data on non-core resource flows and to enhance the compatibility of the data contained in the report. It would also make information available online in an effort to promote more informed debate during the operational activities segment of the Economic and Social Council's substantive session in July and at Second Committee meetings during the General Assembly. As a result, the release of aggregate figures would be advanced by one year and the publication of disaggregated statistics by at least nine months.

45. The most urgent priority for United Nations development cooperation was to have an adequate, predictable and stable funding base that was responsive to programme countries' national development plans. The quality and quantity of funding was central to the United Nations system's ability to respond coherently, effectively and efficiently to developing countries' changing needs and priorities. The Department of Economic and Social Affairs was committed to improving financial reporting relating to United Nations operational activities for development and looked forward to continued guidance from Member States in that regard.

46. **Mr. Zahran** (Vice-Chairman of the Joint Inspection Unit (JIU)) introduced the report of JIU entitled "National execution of technical cooperation projects", as contained in document A/64/375-E/2009/103 and Add.1. CEB members had welcomed the report and had expressed overall agreement with the recommendations contained therein. In that connection, he recalled paragraph 10 of resolution 63/272, in which the General Assembly reiterated its invitation to the legislative organs of the participating organizations to take concrete action on the recommendations of JIU.

47. **Mr. Kenneth** (Senior Adviser on Information Management Policy Coordination, United Nations System Chief Executives Board for Coordination (CEB)) presented the comments of the Secretary-General and of CEB on the report of JIU, as contained in document A/64/375/Add.1-E/2009/103/Add.1.

48. **Ms. Alberdi** (Executive Director of the United Nations Development Fund for Women (UNIFEM)) said that the international community stood on the threshold of a new era in which gender equality and women's empowerment were recognized as central to development and peace. Only recently, the General Assembly had adopted resolution 63/311 on system-wide coherence, which expressed support for consolidating the four United Nations gender-specific entities (UNIFEM; the Office of the Special Adviser on Gender Issues and Advancement of Women; the Division for the Advancement of Women; and the International Research and Training Institute for the Advancement of Women (INSTRAW)) into one composite entity, backed by substantial resources and led by an Under-Secretary-General. The Security Council had adopted resolutions 1888 (2009) and 1889 (2009) requesting the Secretary-General, respectively,

to appoint a Special Representative to address sexual violence in armed conflict and to submit a set of indicators to track implementation of its resolution 1325 (2000) and monitor the impact of armed conflict on women and girls and the gender dimensions of peace processes.

49. Guided by its strategic plan, 2008-2013 (DP/2007/45), UNIFEM worked with governments, civil society and United Nations partners to strengthen women's economic security and rights, end violence against women, reduce the prevalence of HIV and AIDS among women and girls and advance gender justice in democratic governance. The report on the activities of the United Nations Development Fund for Women, contained in document A/64/164, reviewed progress in each of those areas. In its work, UNIFEM was guided by General Assembly resolution 62/208 on the triennial comprehensive policy review, including its recommendation that the United Nations development system should "avail itself of the technical experience of UNIFEM on gender issues".

50. UNIFEM activities were closely linked to the work of the Second Committee in three areas: United Nations reform, partnerships and resources. In the first area, UNIFEM chaired the United Nations Development Group's Working Group on Programming Issues and its Task Team on Gender Equality, and was now a member of all Regional Directors' Teams. The Task Team had prepared a set of indicators for gender equality, and thus far 25 United Nations country teams had undertaken assessments using those indicators, also making use of a help desk set up by UNIFEM.

51. Through its presence in the eight delivering as one pilot programmes, UNIFEM was learning key lessons about how country teams could better deliver as one on gender equality. Since 2004, UNIFEM had been working with the Development Operations Coordination Office to monitor changes in reporting on gender-related initiatives. Over that period, the number of country teams reporting on gender equality initiatives had doubled, the number of recorded gender theme groups had nearly tripled, and the number of country teams reporting on initiatives to end violence against women had nearly quadrupled.

52. Partnerships with governments, civil society, regional organizations, and United Nations organizations were the cornerstone of the Fund's work. It supported national machineries for the advancement of women and women's networks in driving policy and practice on gender equality and was forging an increasing number of partnerships with ministries of finance and planning, electoral commissions, military and law enforcement personnel, the justice system, faith-based organizations and groups of men and boys.

53. The participation of UNIFEM in a growing number of global, regional and national partnerships helped countries to lower transaction costs and make optimal use of the unique capacities of United Nations entities. In 2008, joint UNDP/UNIFEM assistance to 18 countries had led to stronger gender equality commitments in national development plans and poverty reduction strategies. The Fund also worked closely with the International Labour Organization and the European Commission in 12 countries to develop indicators for tracking allocations to gender equality in the context of aid effectiveness. In partnership with the United Nations Population Fund (UNFPA), UNIFEM had expanded its work on linking gender-responsive budgeting to reproductive health policies and programmes. It was also working with UNFPA and the Office of the Special Advisor on Gender Issues to develop indicators for national action plans on implementing Security Council resolution 1325 (2000).

54. There was an indisputable need for a major increase in resources to meet the growing demand for expertise and services to advance gender equality. The United Nations Trust Fund in Support of Actions to Eliminate Violence against Women had received requests totalling nearly $900 million in 2009 but as of the beginning of October had only $12 million to disburse. UNIFEM received far more requests than it could handle for help with gender-responsive budgeting, particularly as the countdown to the 2015 target for achieving the Millennium Development Goals (MDGs) began. Despite warnings in *The United Nations Millennium Development Goals Report 2009* that Goal 5 on improving maternal health was the one towards which the least progress had been made, maternal health programmes remained seriously underfunded.

55. Addressing the abuse of women's human rights and persistent gender discrimination required coordinated action. Increasingly, the United Nations system was taking an inter-agency approach to addressing the causes and consequences of gender inequality, but progress would remain haphazard unless

those who drove the gender equality agenda had greater authority and resources.

56. **Mr. Gitta** (Chief, Division for Policy Dialogue and Advocacy, Special Unit for South-South Cooperation, United Nations Development Programme (UNDP)), referring to the report of the Secretary-General on the state of South-South cooperation (A/64/321), said that new opportunities for enhancing South-South cooperation had been born of concerted policy responses by developing countries to the food, energy and financial crises, and to climate change. Those initiatives, often led by the Group of 77 and China, defined a new agenda for South-South cooperation. In addition, the international community was making greater use of South-South cooperation as a framework for building partnerships.

57. Regional integration efforts continued to be the main meeting point for South-South cooperation. Benefits from rising flows of South-South trade and investment tended to be concentrated in places where countries worked closely with their neighbours to coordinate policies dealing with public goods that attracted domestic and foreign investments. It was that form of South-South cooperation that helped pool private and public capital to create jobs, reduce poverty and build prosperous regional neighbourhoods that were better positioned to meet the Millennium Development Goals.

58. In the face of a deteriorating global economy, many developing countries now looked to one another to facilitate market recovery and ensure greater stability at the global and local levels, often through such untraditional forms of South-South cooperation as debt relief, credit lines, soft loans and investments in infrastructure development. The overall trend prior to the current economic crisis had shown a remarkable rise in South-South trade, finance and investment flows. Foreign direct investment (FDI) had become a significant source of financing for many least developed countries: indeed, more than 40 per cent of FDI from developing countries went to least developed countries (A/64/321, para. 7). However, South-South foreign direct investment could fall markedly if the current global recession were to persist.

59. In order to prevent the loss of the development achievements gained over the past decade, the Secretary-General called upon the international community, including the United Nations development system, to orient South-South efforts towards achieving the internationally agreed development goals, including the MDGs; to intensify multilateral support for South-South cooperation initiatives to address common development challenges; to foster inclusive partnerships for South-South cooperation, including triangular and public-private partnerships; to improve the coherence of United Nations system support for such cooperation through closer inter-agency collaboration; and to encourage innovative financing mechanisms for South-South cooperation.

60. **Mr. Hassani Nejad Pirkouhi** (Islamic Republic of Iran) asked whether there was any particular methodology in place for collecting and presenting data on South-South cooperation. The report did not seem to be comprehensive or systematic in that regard. He noted that "Gulf" should have been "Persian Gulf" in paragraph 39 of the report, consistent with the United Nations editorial directive providing that the full term "Persian Gulf" should be used when it was first referred to in a text and repeated thereafter whenever necessary for the sake of clarity (ST/CS/SER.A/29/Rev.1, para. 1).

61. **Mr. Gitta** (Special Unit for South-South Cooperation) replied that a specific methodology had not yet been adopted, but that pursuant to a request from the UNDP Executive Board, work was in hand to develop one. He apologized for any errors in geographical nomenclature and said that they would be corrected.

62. **Mr. Seth** (Director, Office for ECOSOC Support and Coordination) added that the criteria governing South-South cooperation were not the same as those for North-South cooperation, which might be considered traditional development cooperation. That meant that there was an analytical gap, particularly in methodology and data gathering. Work was in hand to define criteria for South-South cooperation and to determine effective forms of data collection. It was hoped that the work would be completed on time for the Development Cooperation Forum to be held in July 2010.

63. **The Chairperson** invited the Committee to engage in a general discussion on the item.

64. **Mr. Daoud** (Sudan), speaking on behalf of the Group of 77 and China, set out a number of views on the system-wide policy orientations for development cooperation contained in General Assembly resolution

62/208. First of all, operational activities should be carried out for the benefit of recipient countries, at the request of those countries and in accordance with their own policies and priorities for development. Second, United Nations operational activities for development must retain their universal, voluntary and grant characteristics, and their neutrality and multilateralism, as well as the ability to respond flexibly to the development needs of programme countries. Third, recognition of national leadership should be a guiding principle of operational activities by the United Nations system, the Bretton Woods institutions and bilateral donors, which should align their cooperation programmes with national development strategies and harmonize their individual cooperation programmes in order to make the optimum contribution to the realization of national development strategies. Any savings gained by streamlining resulting from a system-wide coherence exercise should be reinvested in development activities rather than diverted elsewhere.

65. Furthermore, there should be no restrictions on the freedom of sovereign national governments to determine their own development priorities or select their development partners, or on the type of relationship they wished to establish with United Nations development entities at the country level.

66. The Group of 77 and China was concerned that there had been no significant improvement in the adequacy and predictability of funding for operational activities, a situation that was now exacerbated by a number of new challenges such as the economic and financial crisis, the food crisis and climate change. The Group urged the Secretary-General to continue his efforts to address the imbalance between core and non-core contributions. It also noted with concern that, since the Group of Eight (G-8) summit held in Gleneagles in 2005, ODA had increased at only half the rate required to meet the target of $130 billion by 2010. Hopefully, further implementation of General Assembly resolution 62/208 would lead to significant improvements in the funding of operational activities.

67. The Group of 77 and China stressed the importance of South-South cooperation for development, and looked forward to a successful outcome of the conference to be held in Nairobi in December 2009, to mark the thirtieth anniversary of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. The Group drew attention to the conceptual framework and principles of South-South cooperation contained in the Yamoussoukro Consensus and reaffirmed by the thirty-third Annual Meeting of Ministers for Foreign Affairs of the Group of 77 held at United Nations Headquarters on 25 September 2009.

68. **Mr. Fries** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova and Ukraine, observed that the impact of the current global crises on the achievement of the Millennium Development Goals and the need for greater support to the developing countries had been a frequent theme of the Committee's early debates during the current session. It was particularly pertinent to ask what more the United Nations could do in that regard during the discussion of operational activities for development. It was through the impact of its work on the ground that the United Nations could add most value to national efforts towards the achievement of the MDGs.

69. The European Union was convinced that the delivering as one approach offered great promise of creating a United Nations system that was efficient, effective and aligned behind developing country priorities. The reports from the eight pilots had yielded clear evidence of positive results. While it was pleasing to see an increasing number of countries voluntarily adopting the delivering as one approach and adapting it to their national circumstances, greater progress was clearly necessary in order for countries to reap the full benefits of a coherent and effective United Nations system.

70. To that end, the Resident Coordinator system needed to be strengthened. Considerable improvements had been made, including in the area of accountability, but a strategy for the provision of sustainable and adequate resources for the Resident Coordinator system should also be developed. The strategy should include options for contributions by United Nations agencies, since the Resident Coordinator system was providing services and support to the whole United Nations system. Since the functioning of the system depended to a large extent on the personal characteristics of the Resident Coordinator, the ability of the United Nations system to attract and retain the

best qualified candidates for those positions should be enhanced, particularly in countries emerging from conflict or subject to a complex mix of humanitarian and development pressures.

71. There was also a need to harmonize and simplify business practices, both at United Nations Headquarters and at country level. The European Union welcomed the Plan of Action of the United Nations System Chief Executives Board for Coordination and called for its swift implementation (General Assembly resolution 63/311, para. 21). The United Nations system should prioritize those changes that would be of greatest benefit to its work at country level. The Union looked forward to the Secretary-General's proposal on modalities for the submission and approval of common country programmes (General Assembly resolution 63/311, para. 7) and underscored the need to continue to reduce the reporting burden on United Nations country teams, including by harmonizing agency-specific reporting requirements.

72. To maximize the benefits of delivering as one, funding must be provided in a way that promoted coherence between United Nations agencies. As indicated in the report of the Secretary-General, system-wide instruments and pooled funding mechanisms were becoming increasingly important (A/64/75-E/2009/59, paras. 9 and 98). The European Union recognized their usefulness and would welcome additional analysis by the Secretariat on the impact of those funds and their complementarity with other funding instruments.

73. The European Union looked forward to the country-led evaluations of the delivering as one pilots, and to the independent evaluation called for by General Assembly resolution 62/208 (para. 139). In line with the principle of national ownership and government leadership, the European Union believed that the outputs from the country-level evaluations should inform the independent evaluation process.

74. The European Union welcomed the support expressed in General Assembly resolution 63/311 for the consolidation of existing gender entities into one composite gender entity headed by an Under-Secretary-General. That would bring much-needed improvements in the way the United Nations promoted women's rights and equal involvement of women and men in development and peacebuilding.

75. The Union also looked forward to constructively engaging in the other areas of the system-wide coherence process, including governance and funding of United Nations operational activities. It fully supported the objective of achieving an adequate, predictable and stable funding base for United Nations operational activities, while recognizing that the issue of balance between core and non-core resources needed to be addressed.

76. The European Union attached great importance to the principles of aid effectiveness. It welcomed the ongoing work by the United Nations development system to implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action and hoped that progress would continue to be achieved. South-South cooperation had much to gain from building on the principles of aid effectiveness. The European Union would continue to provide support, including through triangular cooperation.

77. While welcoming the improvements made thus far, the European Union encouraged the Secretariat to continue its efforts to improve its financial data and reporting system. In that connection, it noted the request to the Secretary-General to create a central repository of information on operational activities for development (General Assembly resolution 63/311, para. 16).

78. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that after a decade of work towards meeting the MDGs, many developing countries risked missing the 2015 deadline unless the entire international community made sustained and united efforts. The United Nations, through its operational activities, must continue to mobilize support and coordinate development assistance to the developing world, particularly in four key areas.

79. Firstly, adequate and predictable funding was necessary for the United Nations to discharge its responsibilities successfully. Commitments to increase funds for United Nations operational activities, while taking into account the national strategies and priorities of developing countries, must be fulfilled. Secondly, the United Nations should continue to provide leadership and guidance in its operational activities, while enhancing coherence, effectiveness and efficiency. Closer and strengthened cooperation between United Nations entities and counterparts at

country and regional levels was important. The experience of the eight countries that had volunteered to be delivering as one pilots must be thoroughly assessed, with a view to improving the mandates of operational activities for development and making United Nations development assistance more effective.

80. Thirdly, almost three years since publication of the report of the High-level Panel on System-wide Coherence, it was now time for Member States to proceed to practical discussions on possible deliverables, including with regard to governance, funding and the relationship between the Economic and Social Council and the governing bodies of the funds and programmes. And fourthly, there was an urgent need to simplify and harmonize the reporting system of the United Nations architecture.

81. Achievement of the MDGs also depended on how the United Nations responded to natural disasters and gender issues. In the face of devastating natural disasters, operational activities must be capable of providing immediate humanitarian and rehabilitation assistance to affected areas. Closer collaboration within the United Nations system as well as among Member States to build national and regional capacities, especially in early-warning systems, were important measures to complement broader disaster preparedness and mitigation initiatives. As for gender issues, ASEAN supported the efforts of UNIFEM to carry out its 2008-2011 strategy and encouraged the Fund to continue its advocacy for gender mainstreaming

82. Economic uncertainties, rising unemployment, protectionism and worsening poverty had given rise to more active cooperation among developing countries. South-South cooperation was an essential complement to the traditional North-South cooperation, contributing to the achievement of the internationally agreed development goals, including the Millennium Development Goals. The growing importance of South-South cooperation went hand in hand with the increasingly important role that developing nations were now playing in the global economy, as a number of them had become important global suppliers of goods in both technologically advanced and more traditional sectors. With their ability to share resources and deliver results at relatively low cost, those developing countries were expected to play a pivotal role in improving the development prospects of the least developed countries.

83. Although South-South cooperation required more support from the international community, in terms of financial assistance, sharing of knowledge and best practices, technology transfer and capacity-building, the ASEAN nations were committed to strengthening and widening South-South cooperation, by engaging in multilateral and bilateral initiatives and designing appropriate follow-up mechanisms. It was to be hoped that the forthcoming High-level Conference on South-South Cooperation to be held in Nairobi in December would provide an opportunity to introduce a South-South cooperation architecture based on the needs and priorities of developing countries, strengthen triangular cooperation, and establish a mechanism to monitor the delivery of the commitments made by the international community.

84. **Mr. Bart** (Saint Kitts and Nevis), speaking on behalf of the countries of the Caribbean Community (CARICOM), said that those countries remained ardent proponents of creating a more effective and efficient United Nations development system. As had been reaffirmed in General Assembly resolution 63/311 on system-wide coherence, strengthening of the governance of operational activities for development should focus on enhancing existing intergovernmental bodies. Further, CARICOM underscored the importance of ensuring adequate funding for operational activities for development on a timely and predictable basis, in line with the needs and priorities of developing countries.

85. CARICOM recognized that, at a time of economic crisis, maintaining and increasing levels of funding for operational activities became arduous; however, it was precisely at a time of crisis that increased financial contributions to the United Nations development system became more important than ever to allow completion of those development goals that were still to be achieved and prevent the reversal of progress made thus far.

86. CARICOM was still concerned at the persistent imbalance between core and non-core funding and at the lack of any real improvement in development effectiveness to justify the increasing cost of coherence and harmonization. He stressed the need to continue strengthening the United Nations Development Assistance Framework as a common programming tool, as well as the field-level capacity of teams that serviced multiple countries, usually small island developing States.

87. Although the Caribbean region accounted for a very small percentage of operational activities and expenditure by the United Nations development system, there had now been a significant increase in the need for such development activities in the region, which now faced myriad development challenges, particularly in the areas of environmental sustainability, adapting to climate change, food security and combating non-communicable diseases, crime and drug trafficking, all of them compounded by the impact of the current economic and financial crisis.

88. In comparison to other developing regions, the Caribbean countries received a very small percentage of ODA. Prior to the onset of the economic and financial crisis, the region's options for securing finance for development had been largely limited to foreign direct investment (FDI) and bilateral and multilateral lending agencies. With the onset of the crisis, those sources had all but dried up. CARICOM countries had been unable to obtain concessionary financing from development banks and multilateral lending agencies as access was determined by per capita GDP, which ranked many of the countries of the region as middle-income. As a result, the work of the United Nations development system in the region, however limited in scope, had become all the more crucial to achieving the region's development objectives and preventing a reversal of the development gains made thus far.

89. CARICOM was quite concerned at the reduction in resources to the region at both the programmatic and administrative levels, at a time when the Caribbean Regional Office of the United Nations Office on Drugs and Crime was on the brink of closure and the regional offices of the United Nations Development Fund for Women (UNIFEM), the United Nations Children's Fund (UNICEF) and other entities were being downsized. The countries of the Caribbean strongly urged the United Nations development system to recognize that such actions could jeopardize the modest development gains they had made. CARICOM urged development partners, developed country donors and others to recognize the extreme vulnerability of its member States to environmental degradation and external financial shocks, compounded by the worsening situation of crime in the region, including violence against women.

90. CARICOM had had a long and fruitful history of regional cooperation and therefore was a strong supporter of South-South cooperation for development. It was pleased that the Secretary-General's report had recognized its important role in the promotion of regional cooperation and economic integration (A/64/321, para. 35). Building on that strong history of cooperation, the States members of CARICOM remained committed to fully implementing the CARICOM Single Market and Economy (CSME) with the objective of achieving sustained economic development for their people. CARICOM looked to the United Nations development system and the international community for support in that ambitious and challenging undertaking.

91. **Ms. Blum** (Colombia) said that Colombia attached special importance to operational activities for development, which had an impact on the ground. In a complex international situation — marked by the economic crisis and its adverse impact on the achievement of the Millennium Development Goals — the importance of the United Nations funds, programmes and specialized agencies was evident. In that context, the General Assembly must treat the strengthening of operational activities as a high priority. That would require consolidation of a results-oriented culture, with greater transparency and effective accountability and a commitment to pursuing coherence across the United Nations system. Colombia acknowledged the progress achieved the previous year in the system-wide coherence process facilitated by the Ambassadors of Spain and Namibia, and expected the Assembly to continue to promote actions that would complement the decisions already taken.

92. Coherence should not be considered as an end in itself but rather as the basis for achieving greater effectiveness in the activities of the United Nations development system. She stressed the paramount importance of greater coordination with the Governments of recipient countries in order to align activities with specific national priorities and challenges. Improvements in its design and use, including through agreed and verifiable results indicators, made UNDAF a valuable instrument for creating coherence and effectiveness in operational activities.

93. A financial basis that was stable, sustainable and had an adequate balance between core and non-core resources was also essential to the achievement of the agreed objectives. In the Secretary-General's report on the comprehensive statistical analysis of the financing

of operational activities, Colombia was listed as one of the top five contributors to the system in terms of local resources, which was a reflection of the country's confidence in United Nations activities to spur development. However, it should also be noted that the allocation of core resources for programming and coordination activities was lowest in the Latin American and Caribbean region, which also had the lowest ratio of core resources to non-core resources.

94. While fully recognizing the urgency of stronger cooperation to ensure progress towards the MDGs in the regions of the world that were lagging behind, Colombia nonetheless called for greater acknowledgment of the specific needs of middle-income countries. Those countries, where over half the world's poor lived, needed adequate levels of international support and cooperation for the tremendous efforts they were making to overcome internal asymmetries in their development. She drew attention to the multiplier effect of development in middle-income countries.

95. In recent years Colombia had significantly increased its participation in South-South cooperation initiatives, in such areas as the environment, energy and population issues. Colombia believed that it was crucial to continue strengthening the dialogue among all relevant actors with a view to further enhancing operational activities for development and valued the potential for complementarity between the processes of the United Nations system and other multilateral initiatives, including with regard to aid effectiveness.

96. **Mr. González Segura** (Mexico), speaking on behalf of the Rio Group, observed that the Secretary-General's report on the comprehensive statistical analysis of the financing of operational activities for development demonstrated very clearly that the various United Nations funds and programmes depended on a very limited number of donors. The growing imbalance between core and non-core funds allocated to the system was also evident. That imbalance was one of the main concerns of developing countries as it affected the predictability of resources needed to finance their various development activities. The Rio Group urged the developed countries to increase their contributions to core funds, the cornerstone of United Nations operational activities. At the same time, reduced overhead on financial flows would ensure that the funds actually spent on a development project or at programme country level were in fact the amounts allocated for that purpose.

97. Turning to the report on the activities of the United Nations Development Fund for Women (contained in a Note by the Secretary-General, document A/64/164), he expressed the Rio Group's concern regarding the implementation of recommendation No. 17 of the UNIFEM Consultative Committee. The recommendation requested UNIFEM to provide an analysis of the criteria for resource allocation for review by the Consultative Committee; however, the report proposing new methodologies for allocating funds to UNIFEM (DP/2009/38), which had been examined at the September session of the UNDP/UNFPA Executive Board, exceeded the mandate given by recommendation No. 17. The Rio Group concurred with the sentiment of the UNDP/UNFPA Executive Board that the Consultative Committee should continue to study that important matter.

98. The Rio Group welcomed the recent adoption of a resolution on the United Nations Conference on South-South Cooperation, to be held in Nairobi in December. It looked to the Conference to produce an intergovernmentally agreed outcome that took into account the contributions that South-South cooperation could make to social justice and to the promotion of social integration policies guaranteeing equality, mutual respect and consideration among States in the global system. It also hoped that smaller delegations, mainly from the developing countries, would have a say in the negotiating process.

99. South-South cooperation was complementary to North-South Cooperation but not a substitute for it. In no way did it exempt donor countries from their responsibilities and commitments towards developing countries. In conclusion, he stressed the urgent necessity for UNDP to allocate appropriate financial resources to the Special Unit for South-South Cooperation.

The meeting rose at 1.05 p.m.